

DECLASSIFIED

Authority NNN 969046
By NC NARA Date 5/7/02

NP, NSC,
CF, ME-DAA,

24097

Box 601

VOL. II 6/11/70-12/70

THE WHITE HOUSE
WASHINGTON

December 1, 1970

INFORMATION
Iranian Oil Problem

MEMORANDUM FOR

THE PRESIDENT

The Consortium has just completed a renegotiation of its contract with the Shah of Iran. Under the renegotiated contract, the Iranian tax rate increased 10% from 50% to 55%. The price of heavy oil was increased by 9 cents a barrel.

These increases will provide slightly more than the Shah's requirements of a billion, one hundred million dollars for the year ending March, 1971. Assuming oil remains in short supply, with the continuation of the Suez Canal closure, this will come close (about \$50 million) to meeting his requirements for the following 12 month period. There currently are negotiations applying the 9 cents a barrel increase to light oil also, which would help to meet any future shortfall.

As a result of these negotiations, the Shah is apparently satisfied at the present time. However, the history of the relationship between the Government of Iran and the Consortium is one of constant haggling for an increased "take" by the government. No doubt we will be hearing again from the government requesting that we urge the Consortium to provide additional funds.


Peter M. Flanigan